

SPECIAL MEETING OF THE CITY COUNCIL  
OF THE CITY OF SAN ANTONIO HELD IN  
THE COUNCIL CHAMBER, CITY HALL, ON  
SATURDAY, SEPTEMBER 15, 1990.

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The Special Meeting was called to order by the presiding officer, Mayor Lila Cockrell, with the following members present: BERRIOZABAL, WEBB, DUTMER, WING, MARTINEZ, THOMPSON, VERA, WOLFF, LABATT, HASSLOCHER, COCKRELL; Absent: NONE.

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90-41 Mrs. Dutmer made a motion to untable the previous Agenda Item 37 of September 13, 1990, being the proposed contract with the San Antonio Spurs. Ms. Vera seconded the motion.

After consideration, the motion to untable Agenda Item 37 prevailed by the following vote: AYES: Berriozabal, Dutmer, Wing, Martinez, Thompson, Vera, Wolff, Hasslocher, Cockrell; NAYS: None; ABSENT: Webb, Labatt.

Agenda Item 37 was removed from the table.

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90-41 At this time, Mayor Cockrell announced that the City Council would recess into Executive Session at 3:04 P.M. for the purpose of discussing the negotiations with the San Antonio Spurs for a new contract for the Domed Stadium.

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90-41 The meeting reconvened at 4:15 P.M. and Mayor Cockrell stated that staff had discussed negotiations with the San Antonio Spurs for a new contract for the Domed Stadium.

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90-41 The Clerk then read the following Ordinance:

AN ORDINANCE 72,278

APPROVING (i) A MULTI PURPOSE DOME FACILITY SUBLEASE AGREEMENT BETWEEN THE CITY OF SAN ANTONIO AND SPURS PROFESSIONAL BASKETBALL CLUB, LTD FOR A TEN (10) YEAR PRIMARY TERM, FOR THE USE BY THE SPURS BASKETBALL TEAM OF THE MULTIPURPOSE DOME FACILITY AND (ii) THE FIRST AMENDMENT TO THE AMENDED AND

RESTATED ARENA LEASE AGREEMENT ADOPTED PURSUANT TO  
ORDINANCE NO. 69539 ON MAY 25, 1989; AND AUTHORIZING  
THE CITY MANAGER TO EXECUTE SAID AGREEMENTS.

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The Clerk then read the pending main motion and amendment which were part of the proposed Ordinance previously laid on the table during the Council meeting of Thursday, September 13, 1990, since removed from the table at this meeting.

Mr. Nick Pena, representing the El Mercado Merchants Association, spoke to the City Council about his group's concerns with the 35 per cent figures promised for minority contractors at the time of the election campaign for the Domed Stadium. He spoke to his concern that the present contract does not insure that certain percentage figure.

Mr. Roland Lozano, Director of Dome Development, explained the various elements of the proposal on the table, including penalties. He explained the Concessions, Inc. proposal, as a result of last night's negotiations, should the Domed Stadium lease be terminated by the Spurs within the primary term of the contract, including:

1. The Spurs to pay the rental fee for the remainder of the lease term, with a top at \$2,050,000.00 - \$205,000 (pay out basic).

2. Upon termination, the concessions fee to the City goes from 35 per cent of gross to 40 per cent of gross for soft concessions, and from 15 per cent to 20 per cent for hard concessions.

3. Upon termination of the Domed Stadium lease, the City of San Antonio has the option to buy-back the concessionaire's license.

a) Option to be exercised at any time after lease termination.

b) At 95 per cent, fair market value (FMV).

(1) Recoupment period - 95 per cent FMV of business/equipment.

(2) Fair Market Value will be based upon 35 per cent/15 per cent license and no automatic extension.

4. No other penalties.

Mr. Alex Briseno, City Manager, compared the proposed Domed Stadium Concessions Agreement with the current Arena Concessions Agreement, calling it a significantly improved business agreement. He

then spoke to the minority business involvement, parking space comparison, and City receipts which will reach about \$6 million over the 10-year period of the contract's primary term. He stated his belief that the proposed contract is a good one for the City, and spoke to the staff's stance on penalty provisions, should the Spurs leave San Antonio. He noted that the Spurs feel that they need the two contracts, for the team to play in the Domed Stadium and the concessions agreement for the Domed Stadium, to remain separate agreements, while the City feels they should remain tied together. He then spoke to the financial aspects of both proposals.

Mayor Cockrell stated her opinion that the staff negotiations have brought some concessions to the City, but feels that some inequities remain in favor of the Spurs, should they leave San Antonio. She spoke against turning over the concessions contract to the Spurs, even if they leave, and stated her opinion that the City has gone as far as it can go in negotiating this contract. She addressed possible scenarios, and spoke against making any deals which she feels are disadvantageous to the citizens of San Antonio.

In response to a question by Mr. Wing, Mr. Lozano spoke to the proposed buy-back of concessions, should the Spurs leave San Antonio, and addressed the need for a concessions Request for Proposal, should this contract not be approved.

Mr. Wing stated that he cannot support the pending amendment.

Mr. Hasslocher spoke to the City Manager's assessment of the proposal.

Mr. Wolff stated his opinion that the City Council is reflecting a negative feeling over this matter, and he spoke to the advantages of the Spurs proposal, stating his belief that approval of that proposal would be in the best interests of San Antonio. He noted that the Spurs need these two contracts together in order to make an attractive fiscal package for their lenders, and stated his opinion that the City Council is about to make a critical mistake. He addressed the need to make the Spurs successful in order to keep them in San Antonio, and expressed his belief that the City cannot ask any concessionaire to make a \$5 million investment without a guarantee of a 10-year contract.

Ms. Vera stated that the City may not have to link the two contracts, but the City, nevertheless, needs something to offer another sports team, should the Spurs move. She stated her opinion that the \$2 million penalty is not sufficient, and noted that the City also has no say in Spurs' ownership matters. She spoke to the need for more flexibility on both sides, and stated that she would support Mr. Labatt's pending amendment.

Mr. Martinez stated his belief that the amendment provides

fairness to the City, and he also sees some advantages in the new City proposal negotiated overnight, though he feels that it falls short of his desires to protect the City. He also addressed minority business aspects of the matter.

City Attorney, Lloyd Garza differentiated between the motions currently on the table and any new possible proposal as outlined by City staff, following overnight negotiations.

Mayor Cockrell contrasted the negotiated concessions contract with the Spurs versus advertising for a Request for Proposal for an outside concessionaire for the Domed Stadium.

Mrs. Dutmer spoke in support of her stance on this issue, requiring a termination clause to the contract.

Ms. Berriozabal recited, point by point, what the Spurs will receive under terms of the proposed contract now on the table, and their financial aspects. She spoke to her concerns that the City must pay for any cost overruns on the Domed Stadium, and also spoke to the matter of the amount of minority participation in the Domed Stadium concessions, noting that this level is up to the Spurs, not the City.

Mr. Labatt stated that, to him, the issue concerns the Spurs staying in San Antonio. He noted that everyone concerned wants this to be true, and he wants something to improve the chances of the Spurs staying in town. He spoke to his willingness to continue to negotiate.

In response to a question by Mr. Thompson, Mr. Lozano stated that either the Spurs or the City of San Antonio could purchase and install the concessions equipment.

Mr. Thompson stated his opinion that, if the City did this, it would reduce the financing obligations for the Spurs.

In response to a question by Mayor Cockrell, Mr. Briseno noted that there is no guarantee that the Spurs will stay in San Antonio, contract or not, and that it is all a matter of financial viability.

In response to a question by Mr. Webb, Mr. R. J. "Red" McCombs stated his willingness to sell the Spurs at lower than market value, if the City of San Antonio wants to own the team.

Mr. Webb outlined a possible new option that would provide a sliding-scale equity in the Spurs on behalf of the City of San Antonio, depending on how deep into the contract the Spurs were, when or if they were sold or taken out of San Antonio.

Mr. McCombs stated that he would be willing to effect this option.

A discussion then took place concerning possible options under consideration.

Mr. Webb noted that his only interest is in keeping the Spurs in San Antonio.

Mr. Briseno stated his opinion that a termination clause in the contract is the best way to insure that the Spurs stay in San Antonio, or perhaps other dis-incentives written into the contract.

Mr. McCombs spoke of having made a similar offer during negotiations last Thursday. He then stated that, if the Spurs were sold during years 1-3 of the contract, then seven per cent of the sales price would go to the City of San Antonio. If they were sold during years 3-7 of the contract, then the City would realize five per cent of the sales price. And, if the Spurs were to be sold during years 7-10 of the contract, the City would receive three per cent of the sales price.

Mr. Webb stated that this might be the key to a solution to this issue.

On motion of Mr. Webb, seconded by Ms. Vera, the City Council then recessed the meeting into Executive Session at 5:58 P.M. in order to give City staff time to negotiate new points to the contract matter, reconvening the meeting at 6:35 P.M.

Mayor Cockrell briefly explained the discussions held during Executive Session, and it was the opinion of the City Council that it felt that it could not explore all aspects of the contract negotiations at this time.

Mr. Martinez stated that he would support the contract now on the table with a termination clause, leaving the door open for negotiations on suitable language. He stated his opinion that negotiations are only in the best interests of the citizens as long as the Spurs remain in San Antonio, noting that the issue is fairness.

In response to a question by Mr. Hasslocher, Mr. McCombs stated that he would not be willing to sign a contract with the amendment as proposed, and spoke in support of last Thursday's negotiated contract.

Mr. Webb spoke in support for the City Manager's earlier recommendations as reflective of overnight negotiations.

Ms. Berriozabal stated that she cannot support the City Manager's recommendations as presented earlier today, and feels that it would not be a good contract for the citizens of San Antonio.

At this point the Council considered the Amendment carried over from the previous meeting.

The amendment prevailed by the following vote: AYES: Berriozabal, Dutmer, Martinez, Vera, Labatt, Hasslocher, Cockrell; NAYS: Webb, Wing, Thompson, Wolff; ABSENT: None.

After consideration, the motion, as amended, and carrying with it the passage of the Ordinance, prevailed by the following vote: AYES: Berriozabal, Dutmer, Martinez, Vera, Labatt, Hasslocher, Cockrell; NAYS: Webb, Wing, Thompson, Wolff; ABSENT: None.

90-41 The Clerk read the following Ordinance:

AN ORDINANCE 72,279

APPROVING (i) A MULTIPURPOSE DOME FACILITY SCOREBOARD AND CONCESSIONS LICENSE AGREEMENT WITH SAN ANTONIO CONCESSIONS, INC. FOR A TEN (10) YEAR PRIMARY TERM, FOR THE SCOREBOARD, FOOD, BEVERAGE, AND RELATED ITEMS CONCESSIONS IN THE MULTIPURPOSE DOME FACILITY AND (ii) THE FIRST AMENDMENT TO THE AMENDED AND RESTATED CONCESSION LICENSE AGREEMENT ADOPTED PURSUANT TO ORDINANCE NO. 69539 ON MAY 25, 1989; AND AUTHORIZING THE CITY MANAGER TO EXECUTE SAID AGREEMENTS.

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Mr. Labatt made a motion to approve the proposed Ordinance. Mrs. Dutmer seconded the motion.

Mr. Labatt offered an amendment that, should the Dome Lease be terminated as provided therein, this License shall continue for a period of time specified in writing by the City at the license fee rate of thirty-five per cent (35%) of gross sales until the time specified by City for termination date may be at any time after notice and up to one year at City's option, however City will notify Lessee sixty (60) days in advance of the termination date.

Mrs. Dutmer seconded the amendment.

After consideration, the amendment prevailed by the following vote: AYES: Berriozabal, Dutmer, Martinez, Vera, Labatt, Hasslocher, Cockrell; NAYS: Wing, Thompson, Wolff; ABSENT: Webb.

After consideration, the main motion, as amended, and carrying with it the passage of the Ordinance, prevailed by the following vote:  
AYES: Berriozabal, Dutmer, Martinez, Vera, Labatt, Hasslocher, Cockrell;  
NAYS: Wing, Thompson, Wolff; ABSENT: Webb.

90-41 There being no further business to come before Council, the meeting was adjourned at 6:48 P.M.

A P P R O V E D

*Lila Cockrell*

M A Y O R

ATTEST

*Anna J. Rodriguez*  
C i t y C l e r k